Hemp Farmers and the CARES Act

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The Coronavirus Aid, Relief, and Economic Security Act (CARES Act), a sweeping third-wave relief package in response to the COVID-19 pandemic, became law March 27. Read the full overview of the bill here.

One of the CARES Act's provisions makes changes to the U.S. Small Business Administration's (SBA) programs. These changes will send critical financial support to American businesses, including ***legal hemp businesses***. The SBA has made clear in prior guidance that legal hemp businesses are eligible for SBA assistance. More information about eligibility can be found here and here.

Among SBA's assistance program, some hemp businesses will qualify for the CARES Act's new Paycheck Protection Program (PPP). The PPP provides up to $350 billion in cash-flow assistance to employers that maintain their payroll during the COVID-19 crisis. PPP loans are federally guaranteed, and the portion of the loan used for covered payroll costs is fully forgiven after eight weeks (through December 31). PPP loans can be applied for at any institution participating in the SBA's 7(a) lending program. A helpful Q&A guide is available here. Our summary of the PPP, including information about eligibility, is available here.

Additionally, the CARES Act appropriates stimulus monies to the U.S. Department of Agriculture (USDA), for which hemp farmers and farming businesses will also qualify. Specifically, the CARES Act appropriates:

- $9.5 billion to the Secretary of USDA for providing support for impacted agricultural producers, including producers of specialty crops; and
- $20.5 million to the Rural Business Program Account for the cost of loans for rural business development programs under the federal Farm and Rural Development Act.

Hemp farmers and farming businesses with federally backed mortgage loans secured by USDA may request forbearance for up to 180 days, during which no fees, penalties, or interest will accrue. More information about USDA's COVID-19 program is available here.

COVID-19 is not impacting every American equally, but it has not skipped over America's hemp farmers and businesses, many of which are essential to the American food and health systems. For more information about CARES Act relief available to hemp farmers and businesses, please contact Jonathan Miller, Nolan Jackson, or any member of Frost Brown Todd's Hemp Team.

Even if some hemp farmers and businesses do not qualify for current relief, another wave of stimulus is expected. In fact, Congressional leaders are already discussing what a fourth wave of economic relief might include. We are working closely with our hemp clients and stakeholders to help secure future relief.